

UNCLASSIFIED

Document 2

CLAS UNCLASSIFIED  
CLAS UNCLASSIFIED  
AFSN LD2604205290C  
DDAT 900426

SLIN Moscow TASS International Service in Russian 1222 GMT 26 Apr 90

SUBJ TAKE ALL--Gorbachev Urals Visit

Full Text Superzone of Message

- 1 [Excerpts] Sverdlovsk, 26 April (TASS special correspondent)-- We are transmitting the full text of an account of Mikhail Gorbachev's stay in the Urals.
- 2 What needs to be done to live better, to radically change the socioeconomic situation in the country? This question arose repeatedly during the meetings of M.S. Gorbachev, USSR president, general secretary of the CPSU Central Committee, in labor collective: in the Urals. Today is the second day of Mikhail Sergeyevich's stay in Sverdlovsk.
- 3 Yesterday evening at the works management of Uralmash he had a meeting, lasting hours, with workers, engineering and technical staff, representatives of the labor collective council, and with the party aktiv of the association. Since the auditorium could not accommodate everyone who wanted to take part in the frank, controversial conversation, its progress was relayed to the works square where many hundreds of Uralmash people had gathered.
- 4 I have a tremendous desire to have a talk with you in a calm, businesslike atmosphere, M.S. Gorbachev said, opening the meeting. What is worrying us? The fact that the Urals, which has done, is doing and will do so much for the country--this mighty region is now experiencing great distortions and strains in its development. Not only production and economic ones but also social ones. And this is already spilling out into certain moods. The situation is worrying us.
- 5 These last few hours of contacts and conversations with the Uralmash people shows that the correct information is reaching us. People are confirming what was already known to us, which gives rise to a certain disquiet. In any case, one can evidently speak of certain deformations having taken place in the development of the urals' production forces. On the one hand, a mighty cadre and scientific potential has been created, still capable of performing further great tasks, and on the other hand there are problems of ecology and social tension.
- 6 M.S. Gorbachev asked the Uralmash people to express their ideas on this point.
- 7 Our meeting and my arrival in your oblast, he continued, precisely coincides with a very important stage in the development of the economic reform.
- 8 What we have gone through is like a preparatory stage of that reform, and we have come to understand the country in which we live. Perhaps in the main we have understood its illnesses which, along with achievements, undoubtedly exist. We have tried many approaches in the economic sphere, new methods of management. Some have succeeded, others not, and here and there we have simply miscalculated.
- 9 But at all events this was the period which, especially when we are talking about one of the greatest changes in the country's history, we have passed through, and now we have the foundations of a legal order, and

Approved for Release

2/2010

281

UNCLASSIFIED

- economic experience. We have acquired experience; we have started thinking differently and we have started talking to each other differently. An environment has come about in which one can solidly and radically begin economic reform.
- 10 Therefore talk is important, from these angles too. What is more, I see anxiety. It has appeared both in the press and here. How are we going to live? And in general it touches precisely upon what we are going to do in order to live better, so that the situation should change for the better. Evidently people's patience is already at its limit. So from that point of view the trip is very important for me.
- 11 We have conducted two USSR Presidential Councils, joint sessions of the USSR Council of the Federation and the Presidential Council. We will return to that again, and then, as they say, we will go to the people in order to weigh everything up thoroughly. Such a change needs to be made by everybody, together, if we understand each other. Sharp turns are calculated in what is envisaged to be proposed to the working people, to the country. But we need to do things in such a way that we travel this road with the least losses.
- 12 I.I. Stoganov, general director of the Uralmash association who spoke next gave a short description of the enterprise and told of the tasks and problems facing the collective. [passage omitted: Stroganov quoted supporting free market, listing things which hinder progress to that aim]
- 13 LD2604205290TAKE1
- 14 [Excerpts] (Stroganov continues) Under the existing state of affairs and with the very low rents the association sustains losses each year amounting to 7 million rubles [R] on housing alone. Children's preschool establishments and a number of other facilities are loss-making, too. We have 45,000 apartments on our books, but today there are 12,000 people in the housing line, because we build housing but are also obliged to give it to other people who do not work at "Uralmash."
- 15 (Gorbachev) Wherein lies the sickness, and not just that of "Uralmash," but of the other works in the Urals economic region too?
- 16 (I.I. Stroganov) We made a major mistake when we created additional jobs; for a time we forgot about the person, about the social base. The regional sickness seems to lie in precisely this. And second. All of us together, we made a real mess of agriculture. It's the time not to give help, but for everyone to restructure themselves fundamentally in this way...
- 17 (Gorbachev) I noticed that labor productivity is nevertheless quite decent at your enterprise. Is this linked with modernization of production, price formation or with the intensification of labor?
- 18 (Stroganov) Unfortunately with intensification...
- 19 (Gorbachev) When you say that according to your calculations the changeover to the new economic relations could ruin machine-building, which calculations do you have in mind?
- 20 (Stroganov) These calculations have been done on the basis of the deductions that are being planned: 30 percent to the Union budget, 27 percent to the Republican budget, plus new types of payment for land, electricity and labor resources. If you add all of this together, then we are left with less than 30 percent. That is to say that nothing remains for forming capital funds. And this is a key question for us.
- 21 (Gorbachev) Do you compare your products with similar competitive models? What is the difference between them?

UNCLASSIFIED

- 22 (Stroganov) By way of example I'll say that our quarry excavator is absolutely competitive with foreign machines of the same class. We supply this equipment to Soviet customers for R90,000: There has never been an instance when we have sold each excavator abroad for less than 600,000. [passage omitted: G.N. Bashilov, director of the heavy machine-building scientific research institute, speaks on the new atmosphere, the current reliability of Uralmash output, the loss of designers and technologists to the cooperatives]
- 23 A.S. Osintsev, deputy general director of the Association for Economics, touched on the question of how one should assess the monopoly of "Uralmash," he said. We are a long way away from becoming a monopoly, for the level of our output depends not so much upon ourselves as it does in many cases upon a mass of component manufactures and actions by suppliers. That is the main reason why we are behind competitors on the world market. [sentence distinct]
- 24 The economist devoted a significant part of his speech to the problems of leasing relations at the enterprise. In part, he cited the example of people refusing to go over to leasing, believing that it would not be advantageous for them under existing circumstances.
- 25 M.S. Gorbachev asked the deputy director to answer the question: What, in his view, causes society's concern when the question arises of the radicalization of reforms and of us having to take consistent steps toward a market economy? What has frightened people and caused alarm?
- 26 It seems to me, the economist replied, that apprehensions arise as a result of the losses without which there can be no shift to a market economy.
- 27 LD2704080790TAKE2
- 28 [Excerpts] It cannot avoid falls in the volumes of production. This is the first thing. And, second, we probably will not be able to avoid unemployment. I believe that these two factors are the chief ones. They, most of all, are making people worried.
- 29 (M.S. Gorbachev) But if it is a case of having to take this path, and I have understood from the speeches here and from numerous conversations during the visit to the enterprise, that everyone realizes that this is the path we have to take, then it is necessary for everything to be thought through and weighed up beforehand, for everything to be discussed. The essence of matters should be known not only at the center, it should be understood not only by economic personnel. Ordinary people and work collectives should understand precisely what it is all about.
- 30 We do not wish to rush headlong into the market, and such an approach is unacceptable to us. The transfer should be carried out on the basis of a considered policy. We must, particularly in the initial stage, have a grip on this process and regulate it by means of a price mechanism.
- 31 Social protection measures must also be provided for. Finally, it is necessary to think of the fact that a process of regrouping, and possibly a laying off, of the working force will take place in manufacturing. But our cooperatives are only just coming into being, the service sector is not developed, just as everything connected to trade is not developed. For example we have enormous loads on our retail trade capacity, whereas the world has already gone through all that. Nearly always they have a ratio where the number of people employed outside of manufacturing is greater than the number working in material manufacturing. In other words, everything here is still the other way around.

UNCLASSIFIED

- 32 Basically everything -- is in material production. So, we still have much work, we can employ people. But a system of re-training is needed, a plan of action is needed. This must be understood by everyone! I am convinced that in our country today unemployment occurs where we do not think things out, do not work things out. We shall keep our promise. When we are ready to talk with people, when we have thought everything through, we shall present well-thought out measures, we shall submit them to society's judgement. They will have to be worked out in each region, in each labor collective.
- 33 From the hall the request was heard for an opinion on the latest publications in the press about the so-called economics of shock therapy Polish-fashion.
- 34 (M.S. Gorbachev) So the press has frightened people? From this hall, from Sverdlovsk, the whole press must be told, and the journalists who are here present must learn and tell others: In these matters particularly well-considered judgements are needed, publications must not carry only the element of alarm.
- 35 The speech by A.R. Sagalovich, head of mechanical workshop No. 15, touched on an important aspect of radicalization of the reform. In my opinion, he said, enterprises are entering the market economy by various paths. This means it is necessary to take into account the state of the basic assets of each specific plant. Some have more worn assets and other newer ones.
- 36 Today there is a leasehold law. But often, when the division of money in the collective begins according to the coefficient of the share of work, the system does not work. Where people are good the system really works. Where the collective has not taken shape, it does not operate.
- 37 The underestimation of the role of managers of collectives is connected on this plane. Yes, there is a struggle against the administrative-command system, but on the production level a paradox arises: I, for example, have not been able to find a section chief for six months. No one wants it, no one wishes to work as a foreman. Discipline in such a situation breaks down. Even if you put a militiaman before the shift ends. Tension in relations between the workers and management is growing.
- 38 In order to advance further, the question needs to be asked regarding the role of the manager, the organizer of production and the specialists, and regarding the responsibility for the course of economic reform and his role in the course of that reform.
- 39 LD2704082190TAKE3
- 40 [Excerpts] (M.S. Gorbachev) And don't you feel remote tremors in connection with reform and a change in the situation: That it is already necessary to prove one's right and entitlement by competence, conscientiousness, and the capability to work better? For soon everybody will have to prove this. Does not such a way of putting things have an effect on discipline, on responsibility, and on conscientiousness?
- 41 (A.P. Sagalovich) It does not. Well, maybe to a certain degree. Of course much is connected to the payment for labor, but this system is not working yet. My opinion is that at the level of the top manager of a structural subsection, a factory, for example, it's possible to manage somehow in the old fashion. But further work must be carried out in accordance with some other integral system.
- 42 I would like to share my thoughts on the problems of price-formation, the workshop chief continued. It is, of course, difficult for me to judge on

UNCLASSIFIED

- a countrywide scale, but I think that one of the criteria for limiting the monopoly of enterprises must be a limitation of their profitability. Such an experience exists abroad. And it is not worth us pursuing high prices.
- 43 Yu.F. Chebotarev, head of the social-cultural-service directorate of "Uralmash," devoted his speech to the difficult problems of his work. In part he raised the question of this area's unprofitability. As an example the cost of a square meter of new housing was brought up. It increases with each passing year, but the payment per square meter is fixed as previously. They have tried to touch on this question but have received a decisive rebuff from the public.
- 44 (M.S. Gorbachev) How much housing do you have and what is the subsidy for maintaining it?
- 45 (Yu.E. Chebotarev) The subsidy from the works is almost R7 million...
- 46 (M.S. Gorbachev) Obviously many people would agree to take apartments as their own property?
- 47 (Yu.F. Chebotarev) There is such an initiative, however the right of such a transferral has not yet been given to the local soviets.
- 48 (M.S. Gorbachev) But this concerns your housing -- departmental.
- 49 (Yu.F. Chebotarev) Departmental -- yes it's departmental, however there are many complicated issues here.
- 50 (M.S. Gorbachev) But this is a matter of handing them over for free. The apartments are received, people live according to the norm. We are not talking about those who are waiting. Their situation, of course, must be improved. But those whose housing corresponds to the norms should have it given to them as their own property, for free. And let them maintain their apartments themselves and pay for this themselves. For comrades, when we say that rents here are low -- ~~this is an artificial approach.~~ They reduced wages -- and at the expense of this they made housing cheap.
- 51 Naturally, this does not concern people in need, poor people. The state is bound to take care of them. But as regards the basic mass it is possible to act in this way. But then, when someone realizes that it is his own apartment, then he will maintain it in a different way. And the housing stock will be in a completely different condition. Especially our entrances.
- 52 Look at what the West does. There wages decide everything. Public stock is very small. On the whole people live on their wages. They get, say, 2,000 dollars and immediately 30 percent go on housing and 11 percent on taxes. Forty odd percent of their earnings has already gone.
- 53 We are used to: This is free, that's free -- and people do not see their wages anyway. Now if they were to receive them in full and pay for everything themselves, then it would be a completely different matter.
- 54 Apart from this, what does receiving housing as property mean? It means: People have received property. One person, two, many. That is, market relations appear in society.
- 55 So far this does not exist here. But the question must probably be considered properly.
- 56 LD2704083290TAKE4
- 57 [Excerpts] A.A. Tokminov, leader of a mixed-skill [kompleksnyy] team, recounted that at "Uralmash" the workers' initiative, labor effort and fervor had dropped sharply recently. I am experiencing this in my own brigade and in public work at the scientific and technical council, he continued. If we stop the working man -- the producer of all things of value -- from working well, then it will be very difficult to arouse him

UNCLASSIFIED

- in the future and get him interested in something. At present the workers who work well, quite honestly, do not understand who benefits by the creation of artificial obstacles to prevent them from working even better and to higher standards, and receiving worthy remuneration for this.
- 58 (M.S. Gorbachev) I want to support your concern. The concept of producing more and better in conditions of economic reform by a smaller number is a key one. We have been throttled by egalitarianism [uravnilovka]. If we don't properly value the labor of the worker, collective farm worker, teacher, doctor and engineer, but keep on assessing it according to the scale and the rate, we will not move forward. I have been told of cases where surgeons, for instance, cannot carry out an important operation without high-grade nurses. But a surgeon does not possess any rights to encourage a specialist who, in his opinion, is worthy of a professor's wage.
- 59 And what happens: Such a nurse leaves the team and the whole cycle of complex operations falls apart. There is a similar picture everywhere.
- 60 In science also remuneration is according to ranks and degrees -- seniors, juniors and scientific assistants. But the contribution to the common cause over a year, over the last five years, which a man has contributed to, hardly bothers anyone. But if his work was noticed because, according to the contract, some amount was received thanks to this, then in any case it was divided equally.
- 61 Let us agree: It is necessary to initiate a resolute struggle against egalitarianism [uravnilovkoy], beginning with every workplace and every working operation. Otherwise we will deprive ourselves of the opportunity of constantly deriving benefit for society from the energy of talented people. [passage omitted: Having thanked the USSR president in the name of the collective for visiting "Uralmash," P.N. Tobolov, chief of a workshop, drew M.S. Gorbachev's attention to the poor labor conditions of metalworkers]
- 62 A very great number of women are already working at our enterprise, V.F. Boyankin, a smith from section Number 37, noted. They are working on a sliding rota, meaning that it includes night shifts. What does a woman who works on a sliding rota feel? You can already imagine, the worker added, for you have seen our furnaces.
- 63 (M.S. Gorbachev) In general, the situation of women, above all, is an indicator of the fact that our society needs changes. Let us acknowledge this honestly. Take just the USSR Presidential Council -- there are no women there. Take the other leading bodies -- it's the same dismal picture. But on the other hand, they are working in places where there shouldn't be any women at all, in hot workshops, on a three-shift system. [passage omitted: opinions of labor collective council chairman Bogdanov; war and labor veterans' chairman Yerykalov; oblast executive committee chairman Rossel]
- 64 LD2704084190TAKE5
- 65 [Excerpts] Summing up the results of the meeting M.S. Gorbachev said: Here in the Urals huge masses of people are concentrated, who are dealing with tasks in the economic, scientific and defense spheres that are of importance for the country. And that role which Sverdlovsk and its labor collectives are playing, and your anxieties and concern, all this has made us come here. I think I as the president and the general secretary of the CPSU Central Committee, and other members of the Soviet leadership ought to pay more attention to the Urals.

UNCLASSIFIED

- 66 This conference and the conversations with the workers of "Uralmash" are of great importance for me. We have reached a stage in perestroyka when one has to take decisions that are of very great importance for the destiny of the country. And what people are thinking, the way they are assessing the situation and the things they consider necessary to be done, all this is very important now.
- 67 You obviously realize that I have a position of my own and my own convictions. And nevertheless through all the years of my life and work I have believed in the following method: Any decision ought to be checked against the opinion of the working people, no matter how one assesses it oneself. This is a most important condition for a policy to be right and for fewer losses and mistakes to be made.
- 68 When we began perestroyka we saw our society in one light. Having gone more deeply into it, we began to understand that minor repairs alone, repainting, a change in wallpaper, will not do. Changes were necessary everywhere and very serious ones -- in the economy, in the federation, in the party, in the soviets, in culture and in the whole spiritual sphere, with the aim of ennobling society and creating normal living conditions for people.
- 69 We have now approached the stage of adopting major decisions. It was for this reason that I decided to come to you, knowing the potential of the Urals -- human, intellectual, scientific and cultural. I see this meeting as support and interpret your opinions in relation to our policies and to the actions of the center as an desire to attract the leadership's attentions, so that it does not overlook anything serious.
- 70 It is true that people have not been able to do without demagogy either, in several conversations. But demagogues also make use of democracy and even more so than we do. It should, however be the other way around: That all sensible people in our society should make use of glasnost and democracy and genuinely take power into their own hands.
- 71 The party will not be able to achieve the implementation of its policy and to march in the vanguard of change unless it bases itself upon the working class. I am greatly alarmed by the fact that 12 workers resigned from the party today. I would not say: It's the nature of the present time; some come others leave. I would ask both the works party committee and ordinary party and works comrades to meet with them and try to understand what the matter is. The country's leadership is pinning its hopes on an active contribution by workers into all our affairs. And not merely at the machine, although I agree with the comrades who say that it's time we finished with meetings and discussions and started active and productive work. The discussions will probably continue, but the center of gravity ought to be shifted to implementing policy in all spheres. And we are counting on the support of the working class everywhere.
- 72 It is a pity that at the elections of USSR and Russian Federation people's deputies, and even at those to local soviets, many workers have been squeezed out. To put it frankly: the soviets will only lose from it. Perhaps they should think of setting up consultative bodies which the most front-ranking and active workers, faithful to the cause of the renewal, would join. Secondly: Give an account to labor collectives of all they do. Without such a link, neither the soviets will work as they should, nor will the workers be satisfied.
- 73 We must introduce this kind of a 'correction coefficient,' and also think about why many workers withdrew their candidacies and refused to

UNCLASSIFIED

- participate in the pre-election struggle, and ask ourselves whether it was because it was taking place in such a form that this was discouraging from them. One must learn from this. One mustn't allow the soviets, which to some extent, I would say, no longer fully represent the working class and peasantry, to find themselves cut off from life and from people's real concerns.
- 74 LD2704090790TAKE6
- 75 [Excerpts] My main point in my answer on the role of the working class in the current crucial time is this: If the working class remains apart from the political processes, or at least does not take up an active role, perestroyka will lose, we will be marking time. I want us to understand this. More opportunities for the working class to take a more active role have come into being today. Both the trade unions, the labor collectives councils and other social and economic mechanisms need to be used so that the working class may influence everything which now occurs.
- 76 Further, M.S. Gorbachev answered questions from Uralmash workers. Answering a question about individual housing construction, he stressed the necessity to meet people's initiatives halfway in all ways possible and to give them the maximum help including the use of enterprises' resources. A real opportunity now exists to accelerate housing construction and I have several proposals on this count. I would ask local bodies to concern themselves with the allocation of land for individual housing construction. It is also necessary to give land for gardens and vegetable gardens so that those who wish to, may grow all that they need for themselves. This has both a social and educative significance, and a significance in relation to foodstuffs. A man on the earth, communing with the earth, is a quite different man.
- 77 M.S. Gorbachev read out the following question: "In my view, the open letter of the CPSU Central Committee on consolidation based on principle, contradicts the principle expounded in your Lenin speech. This principle is closer to me as an ordinary party member. I know your style fairly well thanks to the mass media and it seemed to me that you personally did not participate in the composition of the open letter. Is this so?"
- 78 I will speak bluntly--I did participate, was the answer. I think, comrades, we should take into account the concern, to which Communists' letters to the Central Committee serve as testimony. There are messages from your works among them as well. Gatherings and conferences express anxiety about the party's fate and about preparing properly for the congress so that it can cope with the tasks being placed before it, both from the point of view of the aims of perestroyka and from the point of view of strengthening and enhancing the vanguard role of the CPSU.
- 79 We have taken this in and have tried, as far as possible to express it in the platform and the draft rules. Perhaps a little more work was needed but the documents were published so that communists could discuss them, express critical remarks and go to the congress with good ideas and proposals which would strengthen the party and give it a new, attractive look. And as well, so that communists might feel themselves to be really in charge in the party.
- 80 It may be that as yet not everything is working out, but the direction, the line we have taken is the correct one. We have invited Communists to come forward with alternative platforms. We are for freedom of thought, for the juxtaposition of points of view. We have published the "Democratic Platform," then the "Platform For a Marxist Party"--go ahead,



UNCLASSIFIED

- comrade Communists, and discuss them!
- 81 But why were we obliged to write that letter, against what? Communists were worried by the fact that, instead of consolidation, to all intents and purposes work had begun to split the party. This was no longer the struggle of opinions, the juxtaposition of points of view, the search for the real truth, no longer consolidation but rather an attempt on the eve of the congress--or perhaps at the Congress itself--to split the party. At this responsible and crucial stage in the development of the country, the state and society, we cannot allow the force which is the CPSU to be put in jeopardy. So the letter is directed against splitters, not against those who criticize the platform. Incidentally, this document was distributed to all Central Committee members and to first secretaries of kray and oblast committees. They contributed their remarks, and then the question arose: If someone criticizes the platform and the draft rules, what then? Should this comrade be removed from the party? If that were the case we would have had to start with the first secretary of the CPSU Moscow City Committee Yu.A. Prokofyev, given that he voiced some serious critical remarks as far back as the Politburo meeting on the draft of the platform. Of course not!
- 82 We are talking about people who are heading toward a split. At the present responsible stage the party cannot fulfil its vanguard role if it is dragged into a struggle among factions. We are for the consolidation of all forces -- those on the "Democratic Platform" and those who have proposed the "Marxist Platform." In juxtaposing all points of view things must be done in such a way that the congress is able to fulfil its task.
- 83 LD2704091990TAKE7
- 84 [Excerpts] Replying to a question about possible versions of the development of events in Lithuania, M.S. Gorbachev said: We hope to arrive at a political resolution of the problem. But I must say to you and to the country that we are up against a leadership which is displaying adventurism and is speculating on democracy. For, even for the simplest matters proposals are prepared which are subjected to preliminary examination in the soviets and are then put forward for people to discuss and it is only after this that decisions are made. Here, however, in deciding a basic question of the fate of the republic and of the people living in it, a question affecting the whole population of our multinational state -- the deputies assembled at night, raised their hands and made the decision. This does not come within any framework of democracy.
- 85 I think that the Third USSR Congress of Peoples Deputies acted correctly, and we -- the president and the government -- have only the mandate of the Congress: The constitutional structure should be restored. It is necessary to return to the position which existed in the republic on 10 March, and examine the question after this. Otherwise, what will happen? What will happen to the people who wish to return to their own republics (non-Lithuanians -- there are about 700,000)? What will be the fate of the Belorussian lands? Further for 500 years Klaipeda was in German hands and as a result of the war was transferred to the USSR and, insofar as Lithuania was a part of the USSR it was united with that republic. Today the people of Kaliningrad are putting forward the proposal to unite Klaipeda with their oblast.
- 86 Finally, how is the oil, raw material, etc. to be paid for? In foreign currency? We shall discuss that, too. For the "divorce process" what

UNCLASSIFIED

- will be needed is first of all a referendum. It is necessary to find out what people will say, and the Lithuanians are a very sensible people, a cultured and educated people. Let them give some thought as to which path to follow. In my opinion there is an increasing number of sober voices there now. People's thirst for an independent [samostoyatelnyy] Lithuanian state can also be satisfied within the framework of the relations of the federation. The important thing is to tackle all of these questions in a normal and constitutional form.
- 87 Thus, we shall not retreat from the mandate of the Third USSR Congress of Peoples Deputies.
- 88 A question has come in about the islands of the Kuriles ridge. We have no superfluous land. We shall adhere to the helsinki positions -- the recognition of postwar realities, including the inviolability of borders. There was the following question, too: Does the government study such phenomena as unidentified flying objects. The presidnet replied that as far as he was aware there exist scientific collectives engaged in studying such phenomena.
- 89
- 90 This question came in: Why, in your opinion, does Comrade Yeltsin enjoy great authority in the Urals and at Uralmash, but not with the government?"
- 91 M.S. Gorbachev replied: I have already been asked in the streets what my attitude is to B.N. Yeltsin. There was the time when I invited the first secretary of the Sverdlovsk oblast party committee and Central Committee member to transfer to work in the Central Committee. We needed somebody in charge of the construction department, and Comrade Yeltsin, besides his party experience, had experience of construction, for he is a builder by education. He agreed and got actively involved in that work. Then, when the need to tackle the question of the first secretary of the Moscow committee came up, the choice was for Boris Nikolavevich. I presented him and recommended him on behalf of the Politburo and tried to support him. He set about the job ardently at first, but events developed in such a way that the situation in the city party organization grew tense. In the summer, when I was on holiday, he raised sharply the question of his resignation from that post. I said: I'll come back and we'll have a chat. My aim was simple: to cool passions, so that Comrade Yeltsin could continue working. But Boris Nikolayevich did not heed this advise and insisted on being relieved, since he did not want to work in such an atmosphere. I do not think he had sufficient arguments. It was some kind of whim, strictly speaking, and that is just how the Central Committee saw it. But you have read all this -- we published the story of this matter in full.
- 92 I was convinced that he had to be kept and I tried to keep this process within the framework of party democracy and comradely discussion. I attempted to ask once more how he viewed the observations of comrades. No, he said firmly, I ask you to relieve me. Well, let it be. Subsequently I insisted that his experience should be used in a ministerial post and that he should continue his activity in the Central Committee.
- 93 There are all manner of turn-arounds in life. We took account of some of B.N. Yeltsin's qualities which had already been revealed when he was here -- you know his style better than I do -- but we thought that the Moscow party organization and the responsibility would "grind all that down" and the excesses would go. That did not happen. Then, in my opinion, he

UNCLASSIFIED

chose the course which was not the best and set off on the course of confrontation.

94. LD2604094190TAKES

95 [Excerpts] What are we getting from him? Nothing except a full dose of criticism. Well, that is the right of every member of the Central Committee, and deputy, his right. But it seems to me now that his potential as a political figure nonetheless is not great. His program and his speeches are known to me. If they are taken in succession, it is like an old played-out record, a collection of theses: The leadership is living out its term, it has exhausted itself, torn itself away from the people and so on and so forth. If one takes the criticism by itself, it is of some use, all the same. However, I cannot agree with his indiscriminate accusations directed toward the leadership of the country, toward the party and the Central Committee.

96 What he touches upon requires serious political analysis. While remaining principled, critical, demanding, one must behave responsibly oneself. Boris Nikoal'yevich is speculating upon the difficulties, upon the socioeconomic tension. All that does exist, but one can and must act in order to draw lessons, to turn the matter round, and not speculate upon the difficulties from demagogic positions. I think that here, Boris Nikolayevich has got carried away and is not at all able to get off this destructive track.

97 Of course, you understand; That it is only because I am in Sverdlovsk and you are asking me about it that I have given such a detailed reply. On the whole, I have never delved deep into these discussions, I do not like them. Today, we need to get things done, not engage in slogans and promises. I think probably something should be said about privileges. We ought to get to the point where there are no illegal privileges. There should be just one privilege: That labor, talent, position and merit should all be valued, but on the basis of law. In this connection we have already resolved a great deal. I know that both in your region and throughout the country these problems -- concerning private residences and all manner of "special benefits" -- are being resolved.

98 In Moscow, as far back as the time of the Civil War, Lenin and the country's top leadership were provided with state dachas. In the thirties the system was given legal status through appropriate decisions. This was done to fix the leadership's salaries at a certain level, so that they would not differ sharply from those of workers, officials or the intelligentsia. Salaries for Politburo members and for secretaries of the CPSU Central Committee were R800, but in conjunction with this it was possible to order provisions up to a value of R400. And there were a number of other concessions. Now we have handed over all the dachas: In one case to veterans, in another for children, in a third case for medical purposes, in a fourth for holiday homes.

99 From now on all this will be decided at the Supreme Soviet, as is the case in all states. As far as the top two or three people are concerned, the Supreme Soviet will have to pass an official decision on what level of salary to set and what conditions are attached, and then publish this information for everyone to know. The main criterion is that everything should be assessed in terms of salary, and from there on one lives as the rest of the country lives.

100 Now we have got as far as personal pensions and personal transport. This all needs to be thought through. I shall tell you frankly: We are of a

UNCLASSIFIED

- mind to impose strict order.
- 101 What should be the state's first concern? Particularly deserving people -- veterans, regardless of whether they are party members or not -- and families with many children. Much has already been done in these six months. This work has proved to be not simple. The fact is that the system of privileges is to be found practically everywhere. For example, all the creative unions build holiday homes. And what is the situation in manufacturing industry? Industrial workers themselves have earned the money to build their own social facilities. At Uralmash, let's say, who makes use of the holiday homes, the convalescent homes or the hunting lodges or whatever -- is it all the workers or only the bosses? In other words, are there privileges here too or not? People argue over this. And I think: Let them argue.
- 102 LD2704102490TAKE9
- 103 [Excerpts] The main criterion is the same: Everything should be evaluated according to the labor contribution of each person -- worker, peasant, member of the intelligentsia, scientist, cultural worker and state official.
- 104 Now, if you will permit me I shall say a few words about the allegations that Gorbachev has an account in a Swiss bank and pays his royalties into it. I must disappoint those who love rumors: All of my royalties go into the party funds. This includes the royalties for the book "Restructuring and the New Thinking For Our Country and For the Whole World," which has been published in many countries. I put a million rubles into the party funds and did not take one kopeck for myself. I sent R350,000 to Irkutsk Children's Hospital, handed 100,000 dollars to the Russian Children's Clinical Hospital for very sick children. Raisa Maksimovna acts as patron of that hospital and helps it to develop in such a way that children from all over the country can receive highly qualified help here. R50,000 has been paid to the Culture Fund, R200,000 for the Terkin monument, R150,000 to Armenia for the victims of the earthquake, R50,000 to refugees from Azerbaijan. Royalties for that book are still coming in. What I do with them you can see from this "account" that I have given.
- 105 And, of course, there are no bank accounts in existence anywhere. It is demeaning and simply shameful even to reply to these fabrications. It pains me as a person that at times people stoop to such a vulgar level of, literally, narrow-mindedness, using such clumsy fabrications for political ends.
- 106 Many serious issues in urgent need of resolution have accumulated in our country. And it is necessary to approach all of them in a responsible manner.
- 107 But the main thing is to show, from the example of our vast country, that socialism is capable of carrying out deep transformations within the framework of democracy and legality. It is necessary to do everything to avoid confrontation in society and even more so to avoid civil war, violence, illegality and arbitrary actions. The rule of law must prevail. No more organizing of witch-hunts or sowing of hatred in the quest for an enemy must be permitted.
- 108 Can the fate of Russia lie in this? Can one arrive at a democratic and humane socialism via new lawlessness? No! I am convinced that in our country we must do everything in a good way. What is needed is patience and restraint. Some people make this appeal to me: Mikhail Sergeevich, bang your fist! Others say: Give the order to strike at the headquarters!

UNCLASSIFIED

- Dear comrades, we are developing the democratic process and the construction of a law-based state so that the people, themselves, should decide all the very important questions via the institutions of democracy and democratic processes in the party. But to strike with one's fist means failing to escape from the vicious circle.
- 109 We must become a civilized country. That is what our peoples, who have suffered so much and have done so much for history and for the entire world, are worthy of. After all, without our socialist contribution the world would be different today.
- 110 And now, if perestroyka is victorious, there will be an entirely different world. If we lose -- even though I think that we won't lose, simply our path may turn out to be more or less painful -- the world will change for the worse. I know for a fact that you will no longer return our people to the old life and you won't shut them up. The oxygen which our society has received as a result of democratization and openness is what our people and each person needs.
- 111 That path of changes on such a scale is difficult, not everything succeeds as planned. And we make errors, and we endure them, we endure them in a human way. But there is no return to the past, our people have already gone through too much for them to be muzzled again. Indeed they themselves will not permit this. That is the main thing which I would like to say in conclusion. I hope dear Uralmash workers, that you maintain your reputation at a high level and maintain your character. Without you the country cannot live, just as you cannot live without the country. And in this spirit of mutual understanding let's part. I wish you great success, we will help one another also in future! (Applause)
- 112 LD2704104190TAKE10
- 113 [Excerpts] Perestroyka is, first and foremost, the individual and concern for his vital needs. It is not by chance that the attention of M.S. Gorbachev, who on Thursday continued his visit to Sverdlovsk, was drawn to the blocks of the country's first youth housing complex. [passage omitted: the housing shortage is a serious problem for the country] The problem of foodstuffs in the country, including the Urals, is as acute. How can it be solved most quickly in the interests of Soviet people? This was the subject of a conversation between the USSR president and shoppers and sales people in one of the city's supermarkets.
- 114 M.S. Gorbachev was interested to know which foodstuffs and goods it was possible to buy, and what presented particular difficulties. The people complained in particular about the lack of fruit. Here the line is as follows, M.S. Gorbachev said: The city should have enough storehouses and conclude agreements about deliveries from southern republics. There will be no other means. It's not good that there is no reliable center for storing fruit and vegetables in Sverdlovsk. It is not good for such a city to live on handouts on what's being supplied to it. I know storehouses are being built here, but evidently things are progressing slowly.
- 115 On Sverdlovsk's main square -- named after the 1905 revolution -- the USSR president and CPSU Central Committee general secretary laid flowers at the V.I. Lenin statue. A conversation with war and labor veterans on the glorious traditions of the Urals and on the valor and loyalty to their homeland of its sons and daughters.
- 116 I cordially greet you, dear veterans, Mikhail Sergeyeovich addressed them, especially on the eve of the 45th anniversary of the great victory. The

## UNCLASSIFIED

- whole country is preparing to give the generation which did everything to defend our life, freedom and ideals, its due.
- 117 N.I. Mikhailova-Gagarina, a veteran of the airborne assault troops, entered the conversation. We are proud of what we have lived through, she said, noticeably nervous. We thank the state for its care of us. Mikhail Sergeyevich answered: The optimism, confidence and calmness of the veterans always attracts me. [passage omitted: Veteran says that the CPSU must remain united]
- 118 We need, M.S. Gorbachev said, to renew society and more fully open up the possibilities of the socialist system and increase the party's authority by deeds. And we will certainly preserve our ideals and spiritual values, we will carry the banner of our cause high.
- 119 For how do some people act: They, it seems, are in favor of the renewal process but are ready to throw out the baby, as they say, with the bath water, and are prepared to reject socialism. We ourselves, of course, must investigate our party base. If someone has decided to act differently today, let him act as his conscience allows. But we must go to the congress consolidated.
- 120 M.S. Gorbachev approached another group of citizens who wanted to know the president's point of view on the problems of forming a market economy in the country and his opinion on the draft laws being prepared and the means for improving the economy. There was a detailed and frank conversation on these themes.
- 121 One of the questions, outside of the general framework, went like this: Why are talks not being conducted with Lithuania?
- 122 -- We conduct talks with other states -- Mikhail Sergeyevich answered -- but we consider Lithuania a Soviet republic. If you remember the question was put precisely in this way at the Third USSR Congress of People's Deputies. And you and I, in the face of the Congress decisions, are in an identical situation.
- 123 LD2704111190TAKE11
- 124 [Excerpts] The Urals has from time immemorial forged weapons for the defense of the homeland. A powerful defense potential has been created here. The new political thinking born of perestroika has allowed the country to reorient a considerable proportion of the capacities of the defense complex to production of purely peaceful output.
- 125 An exhibition of consumer goods set out at one of the enterprises which is undergoing conversion, the Urals Electro-Mechanical Works, shows how this difficult process is proceeding. M.S. Gorbachev looked around the exhibition.
- 126 He assessed the creative work of the engineers, designers, and workers by whose efforts high-quality competitive civilian products are being produced.
- 127 As the saying goes, there are goods and goods. It is very important, the president of the USSR noted, to use the great intellectual and technical potential of the defense sector to obtain output of the highest category. The exhibition displays the most modern models of medical apparatus, household electronics, and video equipment. It was emphasized in the conversation that it was important for these items to be put into mass production more quickly and that they should become not just exhibition display items but goods which everyone can buy.
- 128 A detailed dialogue about the problems being tackled by Soviet scientists and about the development of the scientific potential and of the Urals

## UNCLASSIFIED

- took place at the Institute of Metals Physics of the Urals Scientific Center.
- 129 Leading representatives of virtually all branches of science had assembled here for the meeting with the USSR president.
- 130 Opening the meeting, G.A. Mesyats, chairman of the Presidium of the Urals Scientific Center and vice-president of the USSR Academy of Sciences, dwelt in detail on the main activities of the Urals branch of the Academy, which now unites 38 scientific institutions, special design bureaux for scientific instrument making, and a number of engineering centers.
- 131 The majority of those who took part in the exchange of views drew attention to problems of the development of fundamental science, having noted the need to raise its prestige, renew the material base, and strengthen higher educational establishments. In particular, it was pointed out that the interests of the development of fundamental science and the results of the introduction of market principles in the economy are now entering into a contradiction. A firm legislative base, which removes this tendency, is necessary, the speakers believe.
- 132 It was said also that the scientists' limited opportunities for developing international contacts is one of the factors restraining progress in science and research.
- 133 Addressing the meeting, M.S. Gorbachev said in particular: I profess the following point of view. In politics there would be fewer mistakes, policy well-grounded, real, and effective, if it rested on scientific knowledge. A scientific prediction of our advance is especially topical in the Urals, in a region which plays an immense role in the development of the productive forces of the entire country. The Urals have taken on too many of the country's worries during the years that were difficult for it, for us to continue exploiting it today without thinking of anything apart from increasing capacities and labor resources.
- 134 In this hall I have heard much that is useful and interesting, M.S. Gorbachev stressed. Now, according to him, is precisely the moment for everyone together to think soundly about things, including the question of how it came to pass that such a Oblast, has found itself with such old capital stock.
- 135 Responding to the addresses by the scientists, M.S. Gorbachev noted that he shares their concern over the state and fate of fundamental science in the Soviet Union.
- 136 The president replied to questions by participants in the meeting concerning both problems of scientific and technical progress and the realities of today's socio-political situation in the country.
- 137 In the evening a meeting between representatives of the working people of Sverdlovsk oblast, party, war and labor veterans and M.S. Gorbachev took place in the Youth Palace.
- 138 The participants in the meeting were addressed by M.S. Gorbachev. The address will be published in the press. (endall) 261222 [REDACTED]  
27/1307z apr
- 139 LD2704123290TAKE12